

M E M O

To: Joint Policy Committee
From: Paul Fassinger, ABAG Research Director
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Date: March 12, 2008
Re: *Regional Housing Needs Allocation*

The state, regional and local governments each have a role to play in planning for housing in California. Local governments have to plan for exactly how and where housing will be developed in their individual communities. The amount of housing cities and counties must plan for, however, is determined through a combination of state, regional and local housing policy called the Regional Housing Needs Allocation process.

On March 20, staff is asking the ABAG Executive Board to release a Proposed Final Allocation. This memo outlines the RHNA process and asks the Joint Policy Committee to provide its comments before anticipated adoption of the final allocation in May.

We are requesting that the JPC endorse the process as described.

Regional Housing Needs Allocation (RHNA) Process

The State of California periodically requires that all jurisdictions in the state update the Housing Elements within their local General Plans. In these Housing Elements, the state mandates that local governments plan for their share of the region's housing need, for people of all income categories. The State's Housing and Community Development Department, determines each region's need for housing, based on that region's population demographics. The regional councils of governments, COGs, then allocate that need, for all income groups, amongst jurisdictions. The jurisdictions then plan for that need in their local housing elements, which are eventually certified by HCD.

As the region's COG, ABAG is responsible for allocating the state-determined need to jurisdictions in the Bay Area. The process has gone through most of its significant milestones:

A Housing Methodology Committee (HMC) was established in May 2006 to assist ABAG staff in developing its recommendation to the ABAG Executive Board on the methodology for the RHNA. The HMC was composed of elected officials, city and county staff, and stakeholder representatives.

A new option in this cycle of the RHNA was the designation of subregions. In August of 2006 the cities and county of San Mateo asked to be designed a subregion. It was assigned a portion of the overall regional forecast, but has been responsible for the allocation to the individual jurisdictions within its subregion.

In early 2007 both the region and subregion had adopted very similar methodologies for the allocation of the regional need to the individual jurisdictions.

The region was assigned a total need in March of 2007 and a draft allocation was approved in July of that year.

A number of jurisdictions asked for revisions to their draft allocations. In January of this year ABAG's executive Board approved one revision, for the City of Palo Alto.

Five jurisdictions made the further step of appealing their revision requests. The ABAG Executive Board is scheduled to decide that issue at its March 20th meeting.

A final allocation is expected to be on the Executive Boards May agenda. HCD would give a final allocation approval later this year.

RHNA Methodology

The regional housing needs allocation methodology assigns each jurisdiction in the Bay Area its share of the region's total housing need. The methodology is made up of two allocation formulas and some additional rules.

1. Weighted Factors

Factors in the allocation methodology are the mathematical variables that allocate shares of the regional housing need (RHN). The factors reflect: 1) state mandated RHNA objectives; 2) RHNA statutory requirements; 3) local policy and 4) regional policy. In the methodology, each factor is given priority relative to the others. Priority is established through "weighting" in the formula. For example, if one of the factors, household growth, is determined to be more important than another factor, e.g., transit, the methodology can give household growth a higher weight than transit in the formula. The methodology may also equally weight the factors, therefore ensuring that all the factors are of equal priority.

A. Household Growth, 45 Percent

Each local jurisdiction should plan for housing according to regionally projected household growth within its boundaries during the RHNA planning period (2007 – 2014). Household growth is weighted 45 percent in the allocation. Household growth is used as a factor, as opposed to existing households or total households, to ensure that additional housing is not allocated where there are existing concentrations of homes in the region, but rather where growth is anticipated to occur. In this way household growth as a factor in the methodology ensures that the allocation is consistent with both local plans for growth and with regional growth policies, as those areas that are planning for household growth would receive a higher allocation than those areas not planning for growth. Household growth in ABAG's *Projections* is most influenced by local land use plans and policies, including planned and protected agricultural lands, open space and parks, city-centered growth policies, urban growth boundaries, and any physical or geological constraints.

Regional policies have been incorporated into *Projections* since 2002, and are assumed to begin to effect the forecast by 2010, and therefore have some effect on regional housing growth estimates in the 2007-2014 RHNA period. Regional policies assume that there will be increased housing growth in existing urbanized areas, near transit stations and along major public transportation corridors. These

regional policies are consistent with state housing policies to promote infill development, environmental and agricultural protection and efficient development patterns.

B. Existing Employment, 22.5 Percent; Employment Growth, 22.5 Percent

Each local jurisdiction should plan for housing to accommodate existing employment (2007) and regionally projected employment growth within its boundaries during the RHNA planning period (2007 – 2014). This will ensure that the need allocation gives jurisdictions with both existing concentrations of jobs and planned job growth a share of the regional housing need. This will direct housing to existing job centers and to areas with anticipated employment growth. These jobs allocation factors may address regional jobs-housing imbalance and facilitate access by proximity, for housing would be directed to communities with jobs and planned jobs, which may reduce vehicle miles traveled due to reduced inter- and intra-regional commuting.

C. Household Growth near Transit, 5 Percent; Employment Growth near Transit, 5 Percent

Each local jurisdiction with an existing or planned transit station should plan for more housing near such stations. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors will be inclusive of “transit” as a policy issue. Using transit as a direct factor in the methodology will give transit a greater degree of policy weight. Those jurisdictions with transit, existing and planned, would receive a relatively higher proportion of the housing needs allocation than those jurisdictions without existing or planned transit. The Executive Board decided that for this allocation “planned” transit would not be included and only existing rail and ferry would be considered.

2. Regional Income Allocations

Each local jurisdiction’s allocation is also identified by the three income categories. For each jurisdiction, the income allocation takes the percentage of households in the different income categories for the 2000 census and moves the distribution 175% toward the regional income distribution. As a result, those jurisdictions that already have a higher share of households in low income categories will receive an allocation with relatively fewer lower income units. Those jurisdictions that have a lower share of households in the low income category will receive relatively more lower income units.

3. Spheres of Influence

Each local jurisdiction with the land-use permitting authority in a “Sphere of Influence” should plan for the housing needed to accommodate housing growth, existing employment and employment growth in such “Sphere of Influence” areas. A 100 percent allocation of the housing need to the jurisdiction that has land use control over the area would ensure that the jurisdiction that plans for accommodating the housing units also receives credit for any built units during the RHNA period.

4. Transfer of Units

After the initial allocation of the regional housing need, a local jurisdiction may request approval to transfer units with willing partner(s), in a way that maintains total need allocation amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes package of incentives to facilitate production of housing units. This transfer rule allows the transfer of allocated

housing need between willing jurisdictions in conjunction with financial resources, while maintaining the integrity of the state's RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories.

5. Subregions

The County of San Mateo, in partnership with all twenty cities in the county, has formed a subregion, as allowed by state statute. ABAG has assigned a share of the regional need to the subregion "in a proportion consistent with the distribution of households" in *Projections 2007*. The subregion is responsible for completing its own RHNA process that is parallel to, but separate from, the regional RHNA process. The subregion has created its own methodology, and issued draft allocations. It will handle the revision and appeal processes, and then issue final allocations to the members of the subregion.

The Regional Need

After significant consultation between the State Department of Housing and Community Development, HCD, and ABAG staff, HCD determined that the Bay Area needs to plan for 214,500 households during the 2007 – 2014 planning period. A number that was actually lower than the total regional need assigned in the previous RHNA period. In addition to the total need, HCD's determination of housing need is given to the region by income category. The income categories are very low, low, moderate and above moderate. The percent of total units in each income category are based on the regional average distribution of households across the various income categories. Using the lowest end of the range, the regional need assignment, by income category is:

Income Category	Percent	Units
Very-Low	22.8%	48,840
Low	16.4%	35,102
Moderate	19.3%	41,316
<u>Above Moderate</u>	<u>41.5%</u>	<u>89,242</u>
Total	100%	214,500

Draft Proposed Final Allocation

Attached is the allocation to be considered by ABAG's Executive Board on March 20th. Further updates may occur as a result of the Executive Board's decision at that time.

**Proposed Final Regional Housing Needs Allocation
March 5, 2008**

	Very Low <50%	Low <80%	Mod <120%	Above Mod	Total
ALAMEDA	482	329	392	843	2,046
ALBANY	64	43	52	117	276
BERKELEY	328	424	549	1,130	2,431
DUBLIN	1,092	661	653	924	3,330
EMERYVILLE	186	174	219	558	1,137
FREMONT	1,348	887	876	1,269	4,380
HAYWARD	768	483	569	1,573	3,393
LIVERMORE	1,038	660	683	1,013	3,394
NEWARK	257	160	155	291	863
OAKLAND	1,900	2,098	3,142	7,489	14,629
PIEDMONT	13	10	11	6	40
PLEASANTON	1,076	728	720	753	3,277
SAN LEANDRO	368	228	277	757	1,630
UNION CITY	561	391	380	612	1,944
UNINCORPORATED	536	340	400	891	2,167
ALAMEDA COUNTY	10,017	7,616	9,078	18,226	44,937
ANTIOCH	516	339	381	1,046	2,282
BRENTWOOD	717	435	480	1,073	2,705
CLAYTON	49	35	33	34	151
CONCORD	639	426	498	1,480	3,043
DANVILLE	196	130	146	111	583
EL CERRITO	93	59	80	199	431
HERCULES	143	74	73	163	453
LAFAYETTE	113	77	80	91	361
MARTINEZ	261	166	179	454	1,060
MORAGA	73	47	52	62	234
OAKLEY	219	120	88	348	775
ORINDA	70	48	55	45	218
PINOLE	83	49	48	143	323
PITTSBURG	322	223	296	931	1,772
PLEASANT HILL	160	105	106	257	628
RICHMOND	391	339	540	1,556	2,826
SAN PABLO	22	38	60	178	298
SAN RAMON	1,174	715	740	834	3,463
WALNUT CREEK	456	302	374	826	1,958
UNINCORPORATED	815	598	687	1,408	3,508
CONTRA COSTA COUNTY	6,512	4,325	4,996	11,239	27,072
BELVEDERE	5	4	4	4	17
CORTE MADERA	68	38	46	92	244
FAIRFAX	23	12	19	54	108
LARKSPUR	90	55	75	162	382
MILL VALLEY	74	54	68	96	292
NOVATO	275	171	221	574	1,241
ROSS	8	6	5	8	27
SAN ANSELMO	26	19	21	47	113

SAN RAFAEL	262	207	288	646	1,403
SAUSALITO	45	30	34	56	165
TIBURON	36	21	27	33	117
unincorporated	183	137	169	284	773
MARIN COUNTY	1,095	754	977	2,056	4,882
AMERICAN CANYON	169	116	143	300	728
CALISTOGA	17	11	18	48	94
NAPA	466	295	381	882	2,024
ST HELENA	30	21	25	45	121
YOUNTVILLE	16	15	16	40	87
unincorporated	181	116	130	224	651
NAPA COUNTY	879	574	713	1,539	3,705
SAN FRANCISCO COUNTY	6,589	5,535	6,754	12,315	31,193
SAN MATEO COUNTY	3,588	2,581	3,038	6,531	15,738
CAMPBELL	199	122	158	413	892
CUPERTINO	341	229	243	357	1,170
GILROY	319	217	271	808	1,615
LOS ALTOS	98	66	79	74	317
LOS ALTOS HILLS	27	19	22	13	81
LOS GATOS	154	100	122	186	562
MILPITAS	689	421	441	936	2,487
MONTE SERENO	13	9	11	8	41
MORGAN HILL	317	249	246	500	1,312
MOUNTAIN VIEW	633	430	541	1,275	2,879
PALO ALTO	690	543	641	986	2,860
SAN JOSE	7,751	5,322	6,198	15,450	34,721
SANTA CLARA	1,293	914	1,002	2,664	5,873
SARATOGA	90	68	77	57	292
SUNNYVALE	1,073	708	776	1,869	4,426
unincorporated	191	150	179	290	810
SANTA CLARA COUNTY	13,878	9,567	11,007	25,886	60,338
BENICIA	147	99	108	178	532
DIXON	197	98	123	310	728
FAIRFIELD	873	562	675	1,686	3,796
RIO VISTA	213	176	207	623	1,219
SUISUN CITY	173	109	94	234	610
VACAVILLE	754	468	515	1,164	2,901
VALLEJO	655	468	568	1,409	3,100
unincorporated	26	16	18	39	99
SOLANO COUNTY	3,038	1,996	2,308	5,643	12,985
CLOVERDALE	71	61	81	204	417
COTATI	67	36	45	109	257
HEALDSBURG	71	48	55	157	331
PETALUMA	522	352	370	701	1,945
ROHNERT PARK	371	231	273	679	1,554
SANTA ROSA	1,520	996	1,122	2,896	6,534

SEBASTOPOL	32	28	29	87	176
SONOMA	73	55	69	156	353
WINDSOR	198	130	137	254	719
unincorporated	319	217	264	564	1,364
SONOMA COUNTY	3,244	2,154	2,445	5,807	13,650
REGION	48,840	35,102	41,316	89,242	214,500